United Nations Industrial Development Organization

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Programme and Budget Committee
Thirty-first session
Vienna, 27-29 May 2015
Item 2 of the provisional agenda
Adoption of the agenda

Annotated provisional agenda

Opening of the session

The thirty-first session of the Programme and Budget Committee will be opened by H.E. Mr. Abel Adelakun Ayoko (Nigeria) in his capacity as Acting Chairperson of the thirtieth session.

Item 1. Election of officers

In accordance with rule 17.1, each year, at the commencement of its regular session, the Committee shall elect from among the representatives of its members a Chairperson and three Vice-Chairpersons, and from among the delegations of its members a Rapporteur. Rule 17.3 stipulates that the offices of the Chairperson, the three Vice-Chairpersons and the Rapporteur shall be subject to equitable geographical rotation within a five-year cycle in accordance with appendix A to the rules of procedure. According to that appendix, the Chairperson of the thirty-first session should be elected from members of the Committee from States in List C, and the three Vice-Chairpersons from the African States in List A, States in List B and States in List D. The Rapporteur should be elected from members of the Committee from among the Asian States in List A.

Item 2. Adoption of the agenda

A provisional agenda for the thirty-first session, prepared by the Director General in consultation with the Acting Chairperson of the Committee in

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accordance with rules 8 and 9 of the rules of procedure, is submitted to the Committee for adoption in document PBC.31/1 as stipulated in rule 12.

The Committee will have before it:

- Provisional agenda (PBC.31/1)
- Annotated provisional agenda (PBC.31/1/Add.1)
- List of documents (PBC.31/CRP.1)

Item 3. Annual Report of the Director General for 2014

In accordance with Article 11.6 of the Constitution, the Director General is to prepare an annual report on the activities of the Organization. In its resolution GC.4/Res.2, the General Conference requested the Director General to fully incorporate in future annual reports the programme performance report according to Board decision IDB.7/Dec.11. At the request of the Board in decision IDB.23/Dec.12, annual reports include information on operational activities for developments arising from relevant United Nations General Assembly resolutions, including the quadrennial comprehensive policy review in accordance with United Nations General Assembly resolution 63/232. In compliance with resolution GC.10/Res.5, Member States are kept informed in the annual report of UNIDO's role in achieving the Millennium Development Goals (MDGs).

In line with resolution GC.13/Res.3, the *Annual Report of UNIDO 2014* covers information on the implementation of the medium-term programme framework, particularly with reference to its activities in support of achieving the MDGs in its three thematic priorities, and to specific accomplishments in improving the overall approach of the United Nations system's development cooperation in support of national development priorities and strategies, and national capacity-building.

Article 9.4 (d) of the Constitution stipulates that the Board shall request members to furnish information on their activities related to the work of the Organization. In decision IDB.1/Dec.29, Member States were requested to inform the Board on their activities related to the work of the Organization when reviewing the annual report. Due to the reduction of the number of sessions of the Board in non-General Conference years (decision IDB.39/Dec.7 (f)) and following the practice established in 2013, the annual report will be presented through the Programme and Budget Committee to the Board.

Member States may therefore wish to include information on their activities as they relate to the work of UNIDO in the oral statements delivered by their representatives to the Committee under this item.

The Committee will have before it:

- *Annual Report of UNIDO 2014 (including programme performance report)* (PBC.31/2-IDB.43/2)

Item 4. Report of the External Auditor for 2014

Financial regulations 11.9 and 11.10 stipulate that the reports of the External Auditor, together with the audited financial statements, shall be completed not later than 20 April and shall be transmitted through the Committee to the Board in

accordance with directions given by the Conference. The Committee shall examine the financial statements and the audit reports and submit recommendations to the Board, which shall forward them to the Conference with such comments, as it deems appropriate.

The Committee in its conclusion 1987/19 requested the Director General to submit each year to the Board through the Committee a clear and detailed financial performance report itemizing the utilization of financial resources. Starting in 2011, the financial performance report, i.e. the financial statements compliant with the International Public Sector Accounting Standards (IPSAS), has been included in the External Auditor's report.

In line with Board decision IDB.42/Dec.2, the report of the External Auditor will also include information on the implementation of recommendations included in the report of the External Auditor for 2014 (IDB.42/3).

The Committee will have before it:

- Report of the External Auditor on the accounts of UNIDO for the financial year 1 January to 31 December 2014 (PBC.31/3-IDB.43/3)
- Annexes to the Report of the External Auditor, presented in accordance with United Nations System Accounting Standards for the year ended 31 December 2014 (unaudited) (PBC.31/CRP.5)

Item 5. Financial situation of UNIDO, including unutilized balances of appropriations

The report by the Director General to the Industrial Development Board at its forty-second session (IDB.42/4) covered a wide range of issues within the context of the financial situation. That information will be updated in a document submitted to the present session.

Furthermore, at its fifteenth session the Director General apprised the General Conference of the unutilized balances of appropriations (GC.15/14). In decision GC.15/Dec.13, the General Conference encouraged Member States to consider voluntarily renouncing their share of the unutilized balances in order to strengthen the programme of UNIDO and/or to fund the retention of office space. Information on the implementation of the same decision will therefore be included in the above-mentioned document, submitted to the present session.

As per the request of the General Conference for reporting to the forty-second and forty-third sessions of the Industrial Development Board through the Programme and Budget Committee (GC.15/Dec.16), the aforementioned document will also provide information on the implementation of the programme and budgets, 2014-2015.

In accordance with financial regulations 6.3 and 6.4, the Director General wishes to propose the establishment of two special accounts: (a) Special Account of Voluntary Contributions for Core Activities (SAVCCA) and (b) Major Capital Investment Fund (MCIF). A report on the purposes and limits of the special accounts will be presented through the Committee to the Board. The same report will propose a standardized approach concerning the treatment of unutilized balances of appropriations on the basis of the current financial regulations.

The Committee will thus have before it:

- Financial situation of UNIDO. Report by the Director General (PBC.31/4-IDB.43/4)
- Enhancements to the financial management framework. Proposals by the Director General (PBC.31/5-IDB.43/5)
- Status of assessed contributions. Note by the Secretariat (PBC.31/CRP.3)

Item 6. Programme and budgets, 2016-2017

In accordance with Articles 14.1 and 14.2 of the Constitution, the Director General shall prepare and submit to the Board through the Committee, a draft programme of work for the following fiscal period, together with the corresponding estimates for those activities to be financed from the regular budget. The Director General shall, at the same time, submit proposals and financial estimates for those activities to be financed from voluntary contributions to the Organization. The Committee shall consider the proposals of the Director General and submit to the Board its recommendations on the proposed programme of work and corresponding estimates for the regular budget and the operational budget. Such recommendations of the Committee shall require a two-thirds majority of the members present and voting. At its sixteenth session, the General Conference will need to consider and approve the programme and budgets, 2016-2017.

The Committee will have before it:

- Programme and budgets, 2016-2017. Proposals of the Director General (PBC.31/6-IDB.43/6)

Item 7. Scale of assessments for apportionment of the regular budget expenses for the biennium 2016-2017

The General Conference at its sixteenth session will need to establish a scale of assessments for the years 2016 and 2017. In accordance with Article 10.4 (b) of the Constitution, the Committee shall prepare the draft scale of assessments for regular budget expenditures, for submission to the Board. Article 15.2 of the Constitution stipulates that the scale of assessments shall be based to the extent possible on the scale most recently employed by the United Nations. The Committee will be provided with the latest information concerning the United Nations scale of assessments applicable for the years 2016 and 2017 and any adjustments that might be required for UNIDO.

The Committee will thus have before it:

- Scale of assessments for the fiscal period 2016-2017. Note by the Secretariat (PBC.31/7-IDB.43/7)

Item 8. Working Capital Fund for the biennium 2016-2017

In accordance with financial regulation 5.4 paragraph (a), the Committee should recommend to the Board the amount and purposes of the Working Capital Fund for the biennium 2016-2017. At its fifteenth session, the General Conference decided (GC.15/Dec.14) that the level of the Working Capital Fund should remain at €7,423,030 and that the authorized purposes of the Fund for the

biennium 2014-2015 should remain the same as for the biennium 2012-2013, i.e. as stipulated in decision GC.2/Dec.27, paragraph (b).

The Committee will thus have before it:

- Working Capital Fund for the biennium 2016-2017. Proposals by the Director General (PBC.31/8-IDB.43/8)

Item 9. Medium-term programme framework, 2016-2019

At its fifteenth session, the General Conference decided that the medium-term programme framework (MTPF) 2010-2013 remain in force until the expiry of the budget biennium 2014-2015 (decision GC.15/Dec.17). With the same decision, the General Conference requested the Director General to submit from 2015 onwards, on a quadrennial basis, to the Board in the second year of a biennium, through the Programme and Budget Committee, a draft medium-term programme framework for four years, taking into account the Lima Declaration: Towards inclusive and sustainable industrial development, the recommendations of the latest comprehensive policy review of operational activities for development and the recommendations of the outcome document of the informal working group on the future, including programmes and resources, of UNIDO, entitled "Strategic Guidance Document".

At its forty-second session the Board took note of the provisional outline of the medium-term programme framework (MTPF), 2016-2019, (IDB.42/9). A comprehensive draft MTPF, based on the outline, will be presented to the Board through the Committee.

The Committee will thus have before it:

- Medium-term programme framework, 2016-2019. Proposal by the Director General (PBC.31/9-IDB.43/9)

Item 10. Mobilization of financial resources

The *Annual Report of UNIDO 2014* provides information on mobilization of financial resources for that year.

The Committee will have before it:

- Funding performance. *Annual Report of UNIDO 2014* (PBC.31/2-IDB.43/2, chapter 1)
- Projects approved under the Industrial Development Fund, trust funds and other voluntary contributions in 2014 (PBC.31/CRP.2)

Item 11. Appointment of an External Auditor

In accordance with financial regulation 11.1, an External Auditor, who shall be the Auditor-General (or an officer exercising an equivalent function) of a Member State, shall be appointed in the manner and for the period decided by the General Conference. The Conference, by decision GC.15/Dec.8, decided to appoint the Auditor General of Germany as the External Auditor of UNIDO for a period of two years, from 1 July 2014 to 30 June 2016.

In decision GC.6/Dec.18, the Conference requested the Director General to invite proposals from Member States for the appointment of an External Auditor and to submit such proposals to the Committee for consideration. A report will be issued to the Committee concerning proposals received.

The Committee will have before it:

- Candidates for the appointment of an External Auditor. Report by the Director General (PBC.31/10-IDB.43/10)
- Candidates for the appointment of an External Auditor. Note by the Secretariat (PBC.31/CRP.4)

Item 12. Date of the thirty-second session

The following dates have been reserved for the policymaking organs of UNIDO in 2015 and 2016:

23-25 June 2015	Industrial Development Board, forty-third session
30 November-4 December 2015	General Conference, sixteenth session
20-24 June 2016 (tentative)	Programme and Budget Committee, thirty-second session
21-25 November 2016 (tentative)	Industrial Development Board, forty-fourth session

Item 13. Adoption of the report